

UNIVERSITY OF SWAZILAND

DEPARTMENT OF BUSINESS ADMINISTRATION

FINAL EXAMINATION MAY 2008

TITLE OF COURSE: PRINCIPLES OF MARKETING (BA 113)

**DEGREE AND YEAR: DIPLOMA IN COMMERCE YEAR 1/
IDE DIPLOMA IN COMMERCE YEAR 3
B. ED. COMM.**

TIME ALLOWED: THREE (3) HOURS

INSTRUCTIONS:

- 1. TOTAL NUMER OF QUESTIONS ON THE PAPER IS 5**
- 2. ANSWER QUESTION 1 IN SECTION A AND ANY THREE (3) QUESTIONS FROM SECTION B**
- 3. MARKS AWARDED ARE INDICATED AT THE END OF EACH QUESTION**
- 4. MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH LANGUAGE AND FOR ORDERLY PRESENTATION OF YOUR WORK**

SPECIAL REQUIREMENTS: NONE

THIS PAPER IS NOT TO BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

INSTRUCTIONS

ANSWER SECTION A AND ANY THREE (3) QUESTIONS FROM SECTION B.

SECTION A: (COMPULSORY)

QUESTION 1: MARTIN MARIETTA

Martin Marietta – the company that was big in the aerospace and defense industries and which became bigger after its merger with Lockheed – is also big into aggregates. That is rocks, gravel, and sand to the uninitiated. What is one of the nation's largest defense and space contractors doing in the aggregate business? Making money!

The market for aggregates is enormous. The amount used each year equates to approximately nine tons per American citizen. That is 50 pounds of aggregate needed per person per day. And just as the demand for aggregate is likely to increase, so is the price.

Aggregate is used for roads, driveways, concrete foundations and cement blocks. It is used in roofing and gardens. It is a decorative material replacing lawns in desert communities and as walkways and borders around shrubs. It is used in poultry feed and as a scrubbing agent in coal fired power plants. The list of uses of sand, gravel and rock is almost endless.

Make no mistake, aggregate is not rare. In fact, it is found just about everywhere. What makes aggregate increasingly valuable is the lack of government permission to expand existing pits or to open new pits. As existing pits run low on reserve (supply) local state and federal permits to expand become difficult to obtain. Environmentalists, as well as local residents, have blocked hundreds of proposed pits and some are seeking to close existing pits. The blasting, vibration, dust, noise, danger and damage to local roads as well as the general unsightliness of the pits make them unpopular.

People do not want gravel pits and mines in their neighborhood. Therefore, it has to be brought in by truck, by rail and even by ship to coastal communities. This adds significantly to the cost. So while the actual cost of the material is quite low at the mine, the delivered cost can be quite high. By one estimate the cost of aggregates doubles for every mile it must be transported by truck.

It is difficult to obtain a permit and those firms that do receive them have virtually a monopoly in the immediate area. One pit in an area may be bad – two are decidedly worse. This plays into the hands of the major producers who have the financial resources needed to ensure the years it may take to obtain the needed permits. After several recent acquisitions, Martin Marietta became the nation's second aggregate producer just behind Vulcan Materials Company of Birmingham, Alabama.

Source: Kotler, Phillip., and Armstrong, Gary. (1990) 2nd Edition. Prentice Hall. New Jersey.

Questions:

- 1. Identify the major elements in Martin Marietta's micro environment and explain how each might impact the company? (10)**
- 2. Identify the major elements in Martin Marietta's macro environment and explain how each might impact the company? (15)**

TOTAL: 25 MARKS

SECTION B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. Assume your current AM/FM portable radio is not capable of transmitting the full range of tones produced by your favorite music group. Therefore, you have decided to work during the vacation to save money for the ultimate stereo system. Trace the steps of the decision making process for purchasing your music system. (15)**
- b. Discuss the five geographic pricing tactics that a marketing manager can use to moderate the impact of freight costs. (10)**

TOTAL: 25 MARKS

QUESTION 3

- a. Discuss five price adjustment strategies that a company can use. (15)**
- b. Firms have three levels of distribution intensity. Briefly discuss these levels. Give an example of a product that may be distributed at each level. (10)**

TOTAL: 25 MARKS

QUESTION 4

- a. **Distribution managers select different transportation modes based on several distinct criteria. Briefly describe five of these criteria, and name the best and worst transportation mode for each one. (15)**
- b. **The ultimate objective of any promotion is a purchase. A model for reaching promotional objectives is called the AIDA concept. What does the acronym stand for? Discuss the marketing action that might occur in each stage of this model. (10)**

TOTAL: 25 MARKS

QUESTION 5

- a. **You are responsible for developing advertisements for Killzit, a revolutionary acne medication targeted to the teenagers. Briefly describe how you would use five different message execution styles to present your advertising message. (15)**
- b. **Discuss the five different types of customers indicating how they can affect a company as an environmental factor. (10)**

TOTAL: 25 MARKS